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Speech

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As you know, the BMW Group is comprised of strong brands. And we understand that brands need space and freedom to develop their own independent identity and their own culture.

Whether it's BMW, MINI, Motorrad or Rolls-Royce, we give our brands that freedom, which is so vital to their success. And which consequently makes the Group as a whole so strong.

For the BMW Group, having a brand like Rolls-Royce in its portfolio is a great opportunity. Back in 1997, when the BMW Group began its partnership with Rolls-Royce, the brand was in need of modern reset.

Today, Rolls-Royce stands unchallenged not only at the absolute pinnacle of automotive engineering, but also as a true House of Luxury.

The brand leads the coveted 250-thousand euro and above price segment with a 60% market share. But in fact, Rolls-Royce is really operating in a different segment altogether:

the average retail price for a Rolls-Royce is above half a million Euro.

That's because every car built here is Bespoke – made for the individual customer who has ordered it, according to their precise wishes. Henrik Wilhelmsmayer, Director of Brand and Sales, will tell you more about this later this afternoon. And Bespoke not only results in stunning cars, it also delivers great value to the Group and its shareholders, as it offers remarkable opportunities to unlock more contribution per car.

Rolls-Royce is also incredibly resilient. Despite the challenging business environment, 2021 saw an all-time high in sales, with more than five and a half thousand cars delivered – a figure that we expect to top again in 2022.

The brand, nonetheless, remains customer-driven and demand-based, with a pure focus on profitability.

All of this ensures Rolls-Royce cannot be measured against other, more volume-focused brands. In fact, when we look to benchmark Rolls-Royce, we look beyond the automotive manufacturers to the wider luxury world. The entry barrier in the true ultra-luxury segment is extremely high – and Rolls-Royce is already well established with customers in all major global regions.

But what is it that makes Rolls-Royce so successful?

Well, it's about more than just building a great car – it's about understanding how that product sits within the luxury world and how to make it appeal to those who live within that world.

As we saw in the film, the expansion of Rolls-Royce, in line with the expansion of the super-luxury segment, has been carefully and skillfully managed.

Torsten and the team here recognised early on that the demographic of the Ultra-High-Net-Worth-Individual is shifting and they reacted swiftly, successfully repositioning the brand.

That understanding of their unique customer base – built upon a precious relationship with the clients which Torsten will talk more about in a moment - is the key to the astonishing 75% retention rate Rolls-Royce has built up over the last 10 years.

The repositioning of the brand, which led amongst other things to the introduction of Black Badge and Cullinan, means that today the average age of a Rolls-Royce customer has become quite young. It's currently below 40. Moreover, whereas 20 years ago, only 20 percent of Rolls-Royces were driven by their owner, today it is 80 percent.

The sensitivity to the dynamics in individual markets has driven Rolls-Royce's strategic commitment to ensure long-term growth. The US and

China are the most important regions for Rolls-Royce, with a roughly equal share of sales. Europe is the next-most significant region with Asia-Pacific and – of course - the Middle East also playing an important role.

The brand's strong order book means that regional fluctuations caused by external events can be compensated elsewhere; balanced sales strengthen the brand's resilience, as we have seen only too clearly in the last few years.

The success of Rolls-Royce and the bold development of the brand is something we are proud of.

Looking ahead, we plan to invest in this site significantly in the coming years, to ensure that Rolls-Royce can continue to meet the demand for their exceptional products.

Ladies and Gentlemen,

Earlier I spoke about the freedom the BMW Group gives its brands – let me give you another clear example of this.

As you know, at the BMW Group we are famous for – and we pride ourselves on – our engineering excellence.

But we recognised that while Goodwood can benefit greatly from our engineering knowledge, Rolls-Royce is a brand which has its own very specific requirements. Rolls-Royce's own architecture, for example, has been specially created to meet the needs of the brand – the unrivalled "Architecture of Luxury" which is not shared with any other brand. Through careful governance, Rolls-Royce has maintained its singular position in the market while taking advantage of being part of the wider BMW Group.

The close partnership allows Rolls-Royce to leverage synergies and the broader R&D capabilities of the BMW Group where it supports the Rolls-Royce client experience.

For example, the BMW Group has decades of aluminum competency at our Dingolfing site. For Rolls-Royce, we built a specialist facility nearby where those masters of aluminum welding use their craft and experience to build the Rolls-Royce chassis.

Moreover, Rolls-Royce uses common IT systems to manage business and logistics processes, as well as shared development in the Group's leading connectivity, infotainment and media systems and shared facilities such as the wind tunnel and crash testing.

Ladies and Gentlemen:

It is from this foundation of history and success that we can look ahead today, to the next transformation of Rolls-Royce – true to the pioneering spirit of Rolls-Royce's inventors.

Today, we are offering you a glimpse of what electrification looks like in the super-luxury segment. This is the next logical step for the brand and for our customers.

Spectre demonstrates how the knowledge and research within the BMW Group was put to good use. The drivetrain was developed by Rolls-Royce and BMW engineers working together from the very beginning, to ensure Rolls-Royce's specific requirements were considered during every step of development.

As the first ultra-luxury brand to unveil an all-electric car, today Rolls-Royce is once again a pioneer.

From 2030, Rolls-Royce will be the first BMW Group brand to build only electric vehicles.

It is this pioneering spirit that unites the BMW Group and Rolls-Royce and makes us so strong together.